

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NORTH CAROLINA  
GREENVILLE DIVISION**

**IN RE:**

**CAH ACQUISITION COMPANY # 16,  
LLC, d/b/a HASKELL COUNTY  
COMMUNITY HOSPITAL,**

**Debtor.**

**Case No. 19-01227-5-JNC**

**Chapter 11**

**BANKRUPTCY ADMINISTRATOR'S RESPONSE TO SECOND APPLICATION BY  
GRANT THORNTON LLP AS FINANCIAL CONSULTANT FOR THE TRUSTEE FOR  
THE ALLOWANCE OF INTERIM COMPENSATION AND REIMBURSEMENT OF  
EXPENSES [JUNE 1, 2019 TO JULY 31, 2019]**

Now comes the Bankruptcy Administrator for the Eastern District of North Carolina and files this objection to the Second Application by Grant Thornton LLP ("GT") as Financial Consultant for the Trustee for the Allowance of Interim Compensation and Reimbursement of Expenses [March 17, 2019 to May 31, 2019] and in support shows the court the following"

1. The Debtor filed its chapter 11 case on March 17, 2019. The Debtor operates a critical access hospital in Prague, Oklahoma. On March 18, 2019, the court appointed Thomas Waldrep to serve as chapter 11 trustee in the case. On April 10, 2019, the Trustee sought to employ Grant Thornton as a financial consultant for the Trustee, with an amended motion to employ being filed on April 18, 2019. An order allowing employment of GT was entered on May 9, 2019.

2. The order incorporated the Trustee's employment motion by reference. The motion describes the services to be provided by GT in this case. "Working under the direction of the Trustee and collaboratively with the Trustee's counsel and other professionals," the firm was employed to provide the services set forth on Exhibit A. These services have been split into two categories- Financial Consulting and Forensic Technology. GT seeks payment of \$65,037.00 in professional fees and \$454.47 in expenses. It has voluntarily reduced its fees by \$5,100.00 and voluntarily reduced its expenses by \$56.32.

3. In reviewing the application, the BA has identified time entries of concern. These concerns regard \$13,404.00 of billed time for working on fee applications and \$3,501.00 for billed time that is either vague, duplicative, or outside the scope of employment. The BA believes a fifty percent (50%) reduction in time billed for compiling fee applications is warranted. Therefore, the total reduction by the BA's calculation should be \$10,203.00 instead of \$5,100.00. These time entries are identified on the attached Exhibit B and Exhibit C. The BA believes that this additional reduction is well founded and would support a fee reduction in this amount in addition to the voluntary reduction already made by GT.

Wherefore, based on the forgoing, the BA respectfully objects to the Second Application by Grant Thornton LLP, requests that the Court hold a hearing on this matter; and, requests such other and further relief as the court deems just and proper.

Respectfully submitted, this 15<sup>th</sup> day of November 2019.

Marjorie K. Lynch  
Bankruptcy Administrator

By: /s/ Kirstin E. Gardner  
Kirstin Gardner  
Staff Attorney  
Bankruptcy Administrator's Office  
434 Fayetteville Street, Suite 640  
Raleigh, North Carolina 27601  
(919) 334-3889  
kirstin\_gardner@nceba.uscourts.gov  
State Bar No. 52144

**CERTIFICATE OF SERVICE**

I, Kirstin E. Gardner, of 434 Fayetteville Street, Suite 640, Raleigh, North Carolina, 27601, certify:

That I am, and at all times hereinafter mentioned was, more than eighteen (18) years of age.

That on this day, I served copies of the foregoing document electronically on the following:

Thomas W. Waldrep  
Trustee

Jennifer Lyday  
Waldrep LLP  
Attorney for Trustee

Rebecca Redwine  
Hendren Redwine and Malone  
Attorney for Trustee

Robert Vanderbeek  
Managing Director  
Grant Thornton LLP

I certify under penalty of perjury that the foregoing is true and correct.

Dated this the 15<sup>th</sup> day of November 2019.

By: /s/ Kirstin E. Gardner  
Kirstin Gardner  
Staff Attorney  
Bankruptcy Administrator's Office  
434 Fayetteville Street, Suite 640  
Raleigh, North Carolina 27601  
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EXHIBIT A-SCOPE OF SERVICES FOR GRANT THORNTON

- a) Analyze the Debtor's financial position, business plans, and financial projections prepared by management including, but not limited to, commenting on assumptions and comparing those assumptions to historical Debtor and industry trends;
- b) Consult with the Trustee on the assessment of a bankruptcy exit strategy;
- c) Consult with the Trustee in connection with the development of financial projections;
- d) Assist the Trustee with its communications with patients, suppliers, statutory committees, and other parties-in-interest;
- e) Analyze the Debtor's rolling 13-week cash receipts and disbursements forecast and assess liquidity and DIP financing needs;
- f) Consult with the Trustee regarding their valuation of the Debtor on a going-concern and liquidation basis;
- g) Consult with the Trustee, in coordination with legal counsel, in the preparation of a disclosure statement, plan of reorganization and the underlying business plans from which those documents are developed;
- h) Assist the Trustee, in coordination with legal counsel, in evaluating competing disclosure statements, plans and other strategic proposals made by the Committee of Unsecured Creditors or other interested parties in this Chapter 11 case;
- i) Assist the Trustee in responding to information requests submitted by statutory committees and their legal and/or financial counsel;
- j) Assist the Trustee with its vendor management program;
- k) Consult with the Trustee regarding the preparation of required financial statements, schedules of financial affairs, monthly operating reports, and any other financial disclosures required by the Court;
- l) Provide expert advice and testimony regarding financial matters related to, including, among other things, the feasibility of any proposed plan of reorganization, and the valuation of any securities issued in connection with any such plan;
- m) Analyze the Debtor's Information Technology ("IT") infrastructure, storage media, and third-party systems;
- n) Consult with the Trustee on the assessment of Debtor's IT systems;
- o) Consult with the Trustee in connection with the development of data-preservation and data-collection efforts described in the Statement of Work dated April 4, 2019;
- p) Provide digital forensic and related services (including, but not limited to, forensic preservation and collection of electronic data), to be performed at the direction of the Trustee;
- q) Assist the Trustee with its communications with third-party IT providers and other parties-in-interest;

EXHIBIT A-SCOPE OF SERVICES FOR GRANT THORNTON

- r) Assist the Trustee in responding to information requests submitted by statutory committees and their legal and/or financial counsel; and
- s) Provide additional services as requested from time to time by the Trustee and agreed to by Grant Thornton.

## Exhibit B

Professional Fees Incurred - Financial Consulting					
Name	Date	Narrative	Hours	Rate	Value
Wayne, Michael	6/3/2019	Preparation of fee application; determine initial write-offs to be excluded which are not appropriate to bill.	0.2	\$250.00	\$50.00
Kelly, Holly	6/3/2019	Assist with fee application data gathering, process mapping, and determining initial write-offs.	0.4	\$310.00	\$124.00
Balikian, Casey	6/3/2019	Begin creating fee application excel template and drafting fee application word documents.	1.1	\$250.00	\$275.00
Kelly, Holly	6/3/2019	Review Waldrep and HRM's fee applications to learn what information should be presented in GT's initial fee application and to identify the legal language needed for certain items.	0.1	\$310.00	\$31.00
Balikian, Casey	6/4/2019	Continue creating fee application excel template and drafting fee application word documents.	0.9	\$250.00	\$225.00
Balikian, Casey	6/5/2019	Finalize fee application excel template and finish drafting fee application word documents.	0.5	\$250.00	\$125.00
Balikian, Casey	6/6/2019	Prepare and review fee application based on review points.	0.6	\$250.00	\$150.00
Wayne, Michael	6/10/2019	Build fee application model addendum for reserve information; edit narratives for completeness.	0.2	\$250.00	\$50.00
Kelly, Holly	6/10/2019	Review progress on fee application and communicate additional steps needed.	0.3	\$310.00	\$93.00
Balikian, Casey	6/10/2019	Prepare and review fee application based on review points; ensure that format matches format prescribed by Waldrep LLP.	0.8	\$250.00	\$200.00
Murray, Ryan	6/10/2019	Assist with fee application preparation.	0.4	\$90.00	\$36.00
Balikian, Casey	6/11/2019	Prepare and review fee application.	1.3	\$250.00	\$325.00
Kelly, Holly	6/12/2019	Review progress on fee application and communicate additional steps needed.	0.3	\$310.00	\$93.00
Kelly, Holly	6/19/2019	Evaluate fee applications make comments on necessary changes and next steps.	0.5	\$310.00	\$155.00
Wayne, Michael	6/19/2019	Prepare fee application by determining and recommending which entries should be voluntary reductions and which should not.	1.7	\$250.00	\$425.00
Wayne, Michael	6/20/2019	Prepare fee application narratives and collect missing narratives from appropriate parties.	2.3	\$250.00	\$575.00
Kelly, Holly	6/20/2019	Review time entries and prepare spreadsheet in preparation for fee application.	1.5	\$310.00	\$465.00
Wayne, Michael	6/21/2019	Prepare fee application excel model for final review by removing superfluous items and checking word doc dates for accuracy.	1.6	\$250.00	\$400.00
Kelly, Holly	6/21/2019	Assist in checking dates for fee application word documents; spot check excel model to ensure accuracy.	0.7	\$310.00	\$217.00
Balikian, Casey	6/24/2019	Draft and review fee application given new guidelines from H. Kelly review.	1.5	\$250.00	\$375.00
Kelly, Holly	6/24/2019	Review progress on preparation of Grant Thornton fee application to ensure that deadline will be met.	0.4	\$310.00	\$124.00
Balikian, Casey	6/25/2019	Draft and review fee application given new guidelines form R. Vanderbeek review	1.4	\$250.00	\$350.00
Balikian, Casey	6/26/2019	Edit and review fee application.	2.1	\$250.00	\$525.00
Kelly, Holly	6/26/2019	Edit and review fee application based on R. Vanderbeek review points; begin compiling final draft.	0.5	\$310.00	\$155.00
Wayne, Michael	6/26/2019	Process fee application and begin to assemble the final document for the court.	2.2	\$250.00	\$550.00
Balikian, Casey	6/27/2019	Finalize calculation update on allocation of expenses incurred across hospitals and update description in fee app to describe our methodology used to fairly present expenses.	2.4	\$250.00	\$600.00

Kelly, Holly	6/27/2019	Edit fee application narratives for completeness, communicate certain items to be changed by timekeepers in next iteration, work towards compilation of final fee application.	3.2	\$310.00	\$992.00
Balikian, Casey	6/28/2019	Draft and review fee application.	1.3	\$250.00	\$325.00
Kelly, Holly	6/28/2019	Finalize fee application expenses based on R. Vanderbeek's comments.	2.9	\$310.00	\$899.00
Wayne, Michael	6/28/2019	Review travel time entries per R. Vanderbeek's comments to ensure that all billed time is appropriate.	2.3	\$250.00	\$575.00
Vanderbeek, Richard R.	6/28/2019	Review and revise GT fee application through May 2019.	0.8	\$620.00	\$496.00
Kelly, Holly	7/1/2019	Evaluate fee applications and make revisions per Waldrep's comments.	0.7	\$310.00	\$217.00
Balikian, Casey	7/1/2019	Prepare and review fee application.	1.1	\$250.00	\$275.00
Kelly, Holly	7/2/2019	Evaluate consequences of potential changes to fee applications per Waldrep's comments.	0.1	\$310.00	\$31.00
Vanderbeek, Richard R.	7/2/2019	Review fee application and communicate necessary revisions.	0.1	\$620.00	\$62.00
Balikian, Casey	7/2/2019	Respond to R. Vanderbeek's comments, make appropriate revisions, and submit updated final draft.	1.1	\$250.00	\$275.00
Balikian, Casey	7/8/2019	Revise fee application.	0.1	\$250.00	\$25.00
Kelly, Holly	7/8/2019	Revise fee application per Waldrep's comments and prepare summary and comparison of professional fees across firms.	0.2	\$310.00	\$62.00
Kelly, Holly	7/9/2019	Revise fee application per Waldrep's comments.	1.2	\$310.00	\$372.00
Balikian, Casey	7/10/2019	Prepare an analysis showing the fee app write-offs suggested by Waldrep LLP.	1.7	\$250.00	\$425.00
Kelly, Holly	7/10/2019	Revise fee applications per Waldrep's comments.	1.1	\$310.00	\$341.00
Wayne, Michael	7/11/2019	Update fee application based on Waldrep's comments and ensure that all appropriate entries are deducted as voluntary reductions.	1.0	\$250.00	\$250.00
Balikian, Casey	7/11/2019	Prepare and review fee applications.	0.8	\$250.00	\$200.00
Vanderbeek, Richard R.	7/11/2019	Review revised fee application, updated for Waldrep comments.	0.2	\$620.00	\$124.00
Kelly, Holly	7/11/2019	Revise fee applications per Waldrep's comments and R. Vanderbeek's assessment of progress.	1.2	\$310.00	\$372.00
Balikian, Casey	7/12/2019	Prepare and review fee applications.	0.1	\$250.00	\$25.00
Balikian, Casey	7/22/2019	Finalize fee application word document.	0.1	\$250.00	\$25.00
Vanderbeek, Richard R.	7/22/2019	Review final fee application.	0.1	\$620.00	\$62.00
Kelly, Holly	7/22/2019	Review Grant Thornton fee application to ensure all points were addressed before final submission.	0.1	\$310.00	\$31.00
Balikian, Casey	7/24/2019	Begin editing word doc for June and July fee application.	0.2	\$250.00	\$50.00
Wayne, Michael	7/24/2019	File new fee applications into SharePoint site.	0.4	\$250.00	\$100.00
Balikian, Casey	7/31/2019	Begin preparing Grant Thornton second fee application.	0.4	\$250.00	\$100.00
Total Charged for Fee Application					\$13,404.00
Total Professional Fees Incurred					\$69,055.00

## Exhibit C

Professional Fees Incurred - Financial Consulting						
Name	Date	Narrative	Hours	Rate	Value	Objection
Kelly, Holly	6/4/2019	Bi-weekly call with Trustee, Trustee's counsel, and GT Team.	0.2	\$310.00	\$62.00	Duplicate
Johnson, Andrew H.	6/4/2019	Speak with Trustee, Counsel and GT Team in bi-weekly update call.	0.2	\$500.00	\$100.00	Duplicate
Johnson, Andrew H.	6/5/2019	Speak with R. Vanderbeek, H. Kelly, M. Hand, C. Dolen and B. Smith regarding hospital financial matters.	0.2	\$500.00	\$100.00	Duplicate
Kelly, Holly	6/6/2019	Analyze and discuss with R. Vanderbeek the DIP financing need of Haskell.	0.9	\$310.00	\$279.00	Duplicate
Johnson, Andrew H.	6/6/2019	Review insurance policies and emails to and from Cohesive and Affinity regarding status of insurance in force.	0.1	\$500.00	\$50.00	Scope
Johnson, Andrew H.	6/7/2019	Emails with management company regarding status of current insurance coverage.	0.1	\$500.00	\$50.00	Scope
Wayne, Michael	6/7/2019	Meeting with R. Murray to discuss project overview.	0.4	\$250.00	\$100.00	Vague
Kelly, Holly	6/7/2019	Prepare for and participate in bi-weekly call with Trustee, Trustee's counsel, and GT team.	0.4	\$310.00	\$124.00	Duplicate
Kelly, Holly	6/10/2019	Call from C. Dolen with update on Haskell DIP financing needed.	0.1	\$310.00	\$31.00	Duplicate
Kelly, Holly	6/10/2019	Call with Cohesive and R. Vanderbeek to discuss post-petition receipts, fund processes, and cost reports.	0.2	\$310.00	\$62.00	Duplicate
Wayne, Michael	6/11/2019	Gather and review May bank statements for accounting purposes.	0.3	\$250.00	\$75.00	Vague
Kelly, Holly	6/11/2019	Prepare financial updates for and participate in bi-weekly call with J. Lanik, L. Lyday, R. Redwine, J. Hendren, and R. Vanderbeek.	0.2	\$310.00	\$62.00	Duplicate
Kelly, Holly	6/14/2019	Bi-weekly call with Trustee's counsel with all parties updates on hospitals, questions, and discussions surrounding next steps.	0.1	\$310.00	\$31.00	Duplicate
Kelly, Holly	6/17/2019	Discuss Haskell DIP financing need and timing with J. Hendren.	0.3	\$310.00	\$93.00	Duplicate
Kelly, Holly	6/17/2019	Discuss Haskell emergency DIP need with R. Vanderbeek.	0.2	\$310.00	\$62.00	Duplicate
Wayne, Michael	6/17/2019	Edit time entry data for quality and completeness.	1.4	\$250.00	\$350.00	Vague
Wayne, Michael	6/19/2019	Continue to edit time entry data for quality and completeness.	0.8	\$250.00	\$200.00	Vague
Vanderbeek, Richard R.	6/25/2019	Evaluate Cohesive staffing at Haskell, and motion, other support and emails re same.	0.4	\$620.00	\$248.00	Scope
Wayne, Michael	7/1/2019	Review invoices and judge the necessity of each expense related to Haskell funding request for the week beginning 7/1/19.	1.8	\$250.00	\$450.00	Duplicate
Kelly, Holly	7/9/2019	Call with Hendren, Redwine & Malone, J. Lanik, and R. Vanderbeek to discuss case updates.	0.1	\$310.00	\$31.00	Duplicate
Johnson, Andrew H.	7/9/2019	E-mails with C. Dolen regarding insurance update.	0.1	\$500.00	\$50.00	Scope
Vanderbeek, Richard R.	7/18/2019	Review and respond to emails re Haskell bank situation and solution.	0.3	\$620.00	\$186.00	Vague
Kelly, Holly	7/19/2019	Email correspondences with Cohesive regarding property insurance.	0.1	\$310.00	\$31.00	Scope
Kelly, Holly	7/19/2019	Evaluate property insurance quote from Cohesive.	0.4	\$310.00	\$124.00	Scope
Kelly, Holly	7/19/2019	Pull from docket and review Spilman Initial Fee Application.	0.1	\$310.00	\$31.00	Scope
Vanderbeek, Richard R.	7/19/2019	Review and respond to emails re insurance, IB, potential sales and DIP funding.	0.1	\$620.00	\$62.00	Scope
Kelly, Holly	7/23/2019	Read Spilman Disclosure of Compensation For Attorney For Debtor to determine if and how the retainer was allocated across hospitals.	0.1	\$310.00	\$31.00	Scope



Davis, Scott Bradford	7/30/2019	Prepare for and call T. Waldrep, J. Lyday, F. Terzo and/or G. Freedman regarding potential investigation.	0.2	\$620.00	\$124.00	Scope
Total Objection					\$3,199.00	
Total Professional Fees Incurred					\$69,055.00	

Professional Fees Incurred - Forensic Technology						
Name	Date	Narrative	Hours	Rate	Value	Objection
Min, Erik N	6/5/2019	Calls with J. Lanik; correspondence with engagement team and counsel (RE: Kansas City collections).	0.1	\$450.00	\$45.00	Duplicate
Aberman, David	6/11/2019	Correspond with engagement team, client sites, and counsel; Manage and coordinate engagement.	0.1	\$500.00	\$50.00	Vague
Lee, Harry G	6/18/2019	Conduct detailed discussions with engagement lead; Manage and coordinate engagement.	0.1	\$620.00	\$62.00	Vague
Aberman, David	6/28/2019	Conduct call with counsel and Department of Labor and follow-up calls regarding collection of data at storage facility with J. Lanik and IT provider.	0.1	\$500.00	\$50.00	Duplicate
Aberman, David	7/10/2019	Correspond with counsel; Manage and coordinate engagement.	0.1	\$500.00	\$50.00	Vague
Min, Erik N	7/15/2019	Conduct conference call regarding segregation of KC datacenter files.	0.1	\$450.00	\$45.00	Duplicate
Total Objection					\$ 302.00	
Total Professional Fees Incurred					\$1,082.00	